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(Incorporated in Hong Kong with limited liability)
(Stock Code: 363)

CONNECTED TRANSACTION

ENTRUSTED LOAN ARRANGEMENT WITH SHANGHAI GALAXY

ENTRUSTED LOAN ARRANGEMENT

Shanghai Shen-Yu (an indirect wholly-owned subsidiary of the Company) (as lender), the Bank (as lending agent) and Shanghai Galaxy (as borrower) entered into the Entrusted Loan Arrangement on 15 June 2020 for the provision of loan in the principal amount of RMB100,000,000, which will be funded by Shanghai Shen-Yu to Shanghai Galaxy for a 12-month period from 15 June 2020 to 14 June 2021.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Shen-Yu is an indirect wholly-owned subsidiary of the Company. SIIC is the controlling shareholder of the Company holding approximately 62.36% of the entire issued shares of the Company, and is therefore a connected person of the Company. SIIC (through its subsidiary) holds 10% of the registered capital of Shanghai Galaxy and exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise holding 45% of the registered capital of Shanghai Galaxy. Shanghai Galaxy is therefore an associate of SIIC and a connected person of the Company. Accordingly, the entering into of the Entrusted Loan Arrangement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Entrusted Loan Arrangement are more than 0.1% but less than 5%, the entering into of the Entrusted Loan Arrangement is only subject to the reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, as the Shareholder's Loan Facility Hu-Ning Expressway (an indirect wholly-owned subsidiary of the Company) extended to Shanghai Galaxy is still outstanding and similar in nature with the New Entrusted Loan contemplated under the Entrusted Loan

Arrangement, the Entrusted Loan Arrangement and the Shareholder's Loan Facility are required to be aggregated.

As the applicable percentage ratios in respect of the Entrusted Loan Arrangement and the Shareholder's Loan Facility in aggregate are more than 0.1% but less than 5%, they are only subject to the reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

ENTRUSTED LOAN ARRANGEMENT

Shanghai Shen-Yu (an indirect wholly-owned subsidiary of the Company) (as lender), the Bank (as lending agent) and Shanghai Galaxy (as borrower) entered into the Entrusted Loan Arrangement on 15 June 2020 for the provision of loan in the principal amount of RMB100,000,000, which will be funded by Shanghai Shen-Yu to Shanghai Galaxy for a 12-month period from 15 June 2020 to 14 June 2021. The Previous Entrusted Loan provided pursuant to the Previous Entrusted Loan Agreement entered into between Shanghai Shen-Yu, the Bank and Shanghai Galaxy was repaid on 15 June 2020.

The Entrusted Loan Arrangement comprises of two agreements, namely, the New Entrustment Agreement and the New Entrusted Loan Agreement.

NEW ENTRUSTMENT AGREEMENT

The major terms of the New Entrustment Agreement are set out below:

Date:

15 June 2020

Parties:

- (i) Shanghai Shen-Yu, as the lender
- (ii) the Bank, as the lending agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject matter:

Shanghai Shen-Yu entrusted the Bank to provide a loan in the principal amount of RMB100,000,000 to Shanghai Galaxy by 15 June 2020 for an annual interest rate of 5%, which is arrived at with reference to the benchmark lending rate for the relevant period which was issued by the People's Bank of China.

Agency fee:

0.01% per annum, payable to the Bank with reference to the principal amount of the New Entrusted Loan and the term of the loan. The agency fee shall be paid in full on the drawdown date.

NEW ENTRUSTED LOAN AGREEMENT

The major terms of the New Entrusted Loan Agreement are set out below:

Date:

15 June 2020

Parties:

- (i) Shanghai Shen-Yu, as the lender
- (ii) the Bank, as the lending agent
- (iii) Shanghai Galaxy, as the borrower

Subject matter:

Pursuant to the New Entrustment Agreement and a loan application made by Shanghai Galaxy, the Bank agreed to provide the New Entrusted Loan to Shanghai Galaxy.

Principal:

RMB100,000,000

Interest rate:

Fixed interest rate of 5% per annum, which is arrived at with reference to the benchmark lending rate for the relevant period which was issued by the People's Bank of China.

The accrued interest shall be accrued daily and settled by Shanghai Galaxy quarterly during the term of the New Entrusted Loan.

Term:

12 months commencing from 15 June 2020 to 14 June 2021.

Repayment of principal:

Shanghai Galaxy shall make a bullet repayment upon the expiry of the New Entrusted Loan Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN ARRANGEMENT

The Group, SIIC Shanghai and SIIC (through its subsidiaries) hold 45:45:10 of the registered capital of Shanghai Galaxy respectively, and Shanghai Galaxy is equity accounted for as an associated company in the consolidated financial statements of the Company. Currently, Shanghai Galaxy has 13 photovoltaic power projects with a total power generation capacity of 590 megawatts. All of them have been connected to grids, and a majority of the projects are listed into the subsidy catalogue for renewable energy. Taking into account that the photovoltaic power business operated by Shanghai Galaxy is in line with the Group's development strategy and the projects operated by Shanghai Galaxy are in stable operation, granting the New Entrusted Loan to Shanghai Galaxy to support its operation is considered to have a relatively low credit risk. Based on the funding needs of the business operation of Shanghai Galaxy, the New Entrusted Loan will continue to provide Shanghai Galaxy with the necessary financial support, and increase Shanghai Shen-Yu's interest income.

The Directors (including the independent non-executive Directors) consider that the terms of the Entrusted Loan Arrangement are on normal commercial terms, albeit not in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors had a material interest in the Entrusted Loan Arrangement or was required to abstain from voting on the relevant resolution(s) of the Board. However, Mr. Shen Xiao Chu, an executive director and the chairman of SIIC; Mr. Zhou Jun, an executive director and the president of SIIC and also a director and the chairman of Shanghai Galaxy; Mr. Xu Bo, an executive director and a vice president of SIIC and Mr. Xu Zhan, a director of Shanghai Galaxy, have voluntarily abstained from voting on the Board resolution(s) approving the Entrusted Loan Arrangement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Shen-Yu is an indirect wholly-owned subsidiary of the Company. SIIC is the controlling shareholder of the Company holding approximately 62.36% of the entire issued shares of the Company, and is therefore a connected person of the Company. SIIC (through its subsidiary) holds 10% of the registered capital of Shanghai Galaxy and exercises the authority as a state-owned shareholder of SIIC Shanghai, which is a state-owned enterprise holding 45% of the registered capital of Shanghai Galaxy. Shanghai Galaxy is therefore an associate of SIIC and a connected person of the Company. Accordingly, the entering into of the Entrusted Loan Arrangement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Entrusted Loan Arrangement are more than 0.1% but less than 5%, the entering into of the Entrusted Loan Arrangement are only subject to the reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, as the Shareholder's Loan Facility Hu-Ning Expressway (an indirect wholly-owned subsidiary of the Company) extended to Shanghai Galaxy is still outstanding and similar in nature with the New Entrusted Loan contemplated under the Entrusted Loan Arrangement, the Entrusted Loan Arrangement and the Shareholder's Loan Facility are required to be aggregated.

As the applicable percentage ratios in respect of the Entrusted Loan Arrangement and the Shareholder's Loan Facility in aggregate are more than 0.1% but less than 5%, they are only subject to the reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products. As at the date of this announcement, SIIC is the controlling shareholder of the Company holding approximately 62.36% of the entire issued share capital of the Company. SIIC is principally engaged in financial investment, medicine, infrastructure, real estate and consumer products.

Shanghai Shen-Yu is an indirect wholly-owned subsidiary of the Company. It is principally engaged in operation of the Hu-Yu Expressway (Shanghai Section).

Shanghai Galaxy is principally engaged in business investment, asset management and other consultation businesses. Over the past few years, Shanghai Galaxy has been actively exploring new business areas, and investing in the environmental-related industry in particular. Shanghai Galaxy is a sino-foreign joint venture of which 45% equity interest is indirectly held by the Company, 45% equity interest is held by SIIC Shanghai and 10% equity interest is indirectly held by SIIC as at the date of this announcement. SIIC Shanghai is principally engaged in investment holding and property investment.

The Bank is a licensed commercial bank established in the PRC and is principally engaged in, among other things, the provision of banking, financial and other financial related services. 上海浦東發展銀行股份有限公司 (Shanghai Pudong Development Bank Co., Ltd.) (i.e. the legal entity of the Bank) is a company listed on the Shanghai Stock Exchange (Stock Code: 600000), which, to the best of the knowledge, information and belief of the Directors and having made a reasonable enquiry, is an independent third party of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Bank”	上海浦東發展銀行股份有限公司崇明支行 (Shanghai Pudong Development Bank Co., Ltd. Chongming Branch), the bank designated by Shanghai Shen-Yu and Shanghai Galaxy as lending agent
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“Board”	the board of Directors
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning given to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Loan Arrangement”	the provision of the New Entrusted Loan by Shanghai Shen-Yu, through the Bank, to Shanghai Galaxy pursuant to the New Entrustment Agreement and the New Entrusted Loan Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hu-Ning Expressway”	上海滬寧高速公路（上海段）發展有限公司 (Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Entrusted Loan”	the loan in the principal amount of RMB100,000,000 made pursuant to the New Entrusted Loan Agreement
“New Entrusted Loan Agreement”	the entrusted loan agreement dated 15 June 2020 entered into between Shanghai Shen-Yu, the Bank and Shanghai Galaxy in respect of the provision of the New Entrusted Loan
“New Entrustment Agreement”	the new entrusted loan entrustment agreement dated 15 June 2020 entered into between Shanghai Shen-Yu and the Bank
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong and Macau Special Administrative Regions and Taiwan
“Previous Entrusted Loan”	the loan in the principal amount of RMB160,000,000 made pursuant to the Previous Entrusted Loan Agreement

“Previous Entrusted Loan Agreement”	the extension agreement dated 17 June 2019 entered into between Shanghai Shen-Yu, the Bank and Shanghai Galaxy in respect of the provision of the Previous Entrusted Loan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Galaxy”	上海星河數碼投資有限公司 (Shanghai Galaxy Investment Co., Ltd.*), a sino-foreign joint venture established in the PRC with limited liability of which 45% equity interest is indirectly held by the Company, 45% equity interest is held by SIIC Shanghai and 10% equity interest is indirectly held by SIIC
“Shanghai Shen-Yu”	上海申渝公路建設發展有限公司 (Shanghai Shen-Yu Development Co., Ltd.*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholder’s Loan Facility”	the shareholder’s loan facility in an aggregate principal amount of up to RMB500,000,000 provided by Hu-Ning Expressway to Shanghai Galaxy for a term of three years from 21 January 2019 to 20 January 2022, details of which are set out in the announcement of the Company dated 29 August 2018
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SIIC Shanghai”	上海上實（集團）有限公司 (SIIC Shanghai Holdings Co., Ltd.*), a company incorporated in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

**For identification purposes only.*

By Order of the Board
Shanghai Industrial Holdings Limited
Yee Foo Hei
Company Secretary

Hong Kong, 15 June 2020

As at the date of this announcement, the Board comprises:

Executive Directors

Mr. Shen Xiao Chu, Mr. Zhou Jun, Mr. Xu Bo and Mr. Xu Zhan

Independent Non-Executive Directors

Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis